



INSIGHT on Coinage

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EDITORIAL

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Where did time go, 1995 is over. Hopefully you have all had a pleasant Holiday Season and are turning back to your favorite indoor hobby - coins. Here at PCI we didn't experience the usual holiday slowdown. In fact, during 1995, the volume of coins going through the authentication lab has been so large that I've only been able to attend three coin shows this year. I even missed the ANA Convention! The work is fun but as my Southern friends like to say, "Skip, you ain't got no life".

I would like to share some of "this wealth" with the other grading services. As the New Year begins, bite the bullet and have some of your coins graded this year in order to see how they really grade. Don't laugh. Several times a week I talk with collectors who bought coins graded Choice or Gem Uncirculated which actually grade no higher than AU! Unfortunately, the owners of these "gems" had no clue to the actual grade of their coins. That's why I recommend to those of you who have never sent a coin to a grading service that you try it. Test your grading skills. It is better to find out now, rather than later, that your grading or that of your dealer is liberal compared to the grading services. Don't look for the half to one point differences which may commonly occur between professional graders for grades below MS-65 - this test is to make sure that your Mint State coins are not cleaned AU sliders!

While on the subject of grading services, one of my students sent a nicely toned PCGS MS-65 1949-S Franklin 50c to another organization to try for MS-66. It came back as an MS-64+! These downgrades can occur when cleaning or some surface alteration is detected on the coin. Unfortunately in this case, the coin was sent to a service which is conservative on Franklins. BINGO - an instant 1 1/2 point drop in grade because of marks hidden by the toning. Before you try for upgrades, know the grading service. In general, each company grades particular coin series differently. This is not the way it was supposed to work; but knowing how each service grades will save much of the frustration which comes with a downgrade. All ended well this time, the coin is now slabbed as an NGC MS-66.

My Numismatic News column about alterations that are made to raise the apparent grade of Buffalo nickels generated numerous requests for additional information on that series. As an introduction, Insight #25 contained an article about the difficulties one encounters while grading weakly struck coins. In this issue, I'll begin an In-Depth look at grading Buffalo nickels. It has been shortened in order to alert readers to a dangerous new type of coin alteration.

ADVICE AND DISSENT

A majority of Buffalo nickels are graded wrong! Now, before I explain why I believe this to be true, let me review some of the basics of grading for new subscribers.

Coin grading is a very complex endeavor due to all the variables involved. Commercial grading seeks to place a value on a coin without being too concerned with its actual amount of wear or its originality. The appearance of the coin is most important. Technical grading expresses the degree a coin has changed from its original "as made" condition due to wear and handling. Within each of these grading methods, one may be liberal or conservative. At present, commercial grading rules. Thus the strike, color, rarity, and minting peculiarities all contribute to a coin's grade. Commercial grading is "slick and quick".

Coin grading is still evolving. Therefore, one must learn to be the final authority on a coin's grade. You do this by study and examining coins. Don't believe everything you read - even if a numismatic book is titled "The Complete Guide To ...".

The various grading guides are useful guides to help you determine a coin's grade. Unfortunately, because of the complexity of the subject, these guides cannot cover all aspects of grading in detail. They are illustrated with photographs or drawings as close to the ideal for each grade. Errors occur in the guidebooks even given the wide latitude allowed between the circulated grades. Once a collector encounters something unusual, such as a very flat strike or off-center coin, the grading guides are of less value.

With this understood, lets examine a complex coin series to grade - Buffalo nickels. These coins have several characteristics which cause problems from the start. Nickels are fairly small coins making them difficult to handle and examine as compared to larger coins. Nickel is a hard metal. This causes the dies used to make Buffalo nickels wear faster than those used to make other type coins. The effects of hard planchets, die wear, and press set-up all combine to give many dates in this series (especially those from the Denver and San Francisco Mint) a poorly defined, weak appearance. This makes it difficult for a grader to determine if the loss of detail on a Buffalo nickel is due to some "as made" deficiency or friction wear from circulation. The exercise is compounded because nickel often turns dull grey - the same color a grader would normally be looking for to detect signs of rubbing on the high parts of the design!

With one exception to be explained later, the grading guides work well for a 1938-D nickel. These coins are normally struck up, with full detail. They are common and of nominal value even in the Uncirculated grade (no pressure to overgrade due to rarity or value). The grading guides can be relied on and a dealer will get little argument over the grade of his coin. Even the third-party grading services will be liberal when assigning a grade in the Mint State range for a coin such as this. Sliders will often grade MS-Something and MS-65's might only be average coins rather than the "boomers" one would expect.

For other dates in this series, in particular the mintmarked dates in the 1920's, the guidebooks offer less assistance. With

these coins, a change of grade in the Fine to Very Fine range can cause a price increase of hundreds of dollars. These dates are noted for worn dies, flat strikes, missing design elements, and loss of detail. Commercial market forces are at work tugging in both directions on these poorly made coins. It works like this: A typical VF 1938-D nickel which would be pitched into a coin dealers junk box usually looks much better than the typical 1926-D nickel which is so valuable. A 1926-D nickel with the appearance of our typical 1938-D would be pushed up a grade or two and called XF/AU because of its scarcity fully struck. While in fact, a majority of flatly struck, no horn, partial date TECHNICAL VF 1926-D Buffalo nickels are downgraded and sold as About Good, Good, or Very Good because the "Ex-Perts" who wrote the grading guides got so hung-up on the Bison's Horn that they missed the bigger picture. To be continued ...

NEWLY DISCOVERED SURFACE ALTERATION

In mid-December, a major U.S. coin dealer sent a Deep Mirror Prooflike 1881 Morgan dollar along with a group of other "high power" coins to the Photo Certified Coin Institute for grading and authentication. Although genuine, after careful examination using a stereo microscope, I determined that the 1881 dollar was fraudulently altered. This new form of alteration is extremely deceptive. It represents the cleverest, high-tech, state-of-the-art alteration I have seen since the "Bondo/Epoxy" alterations which I first saw in a collection of Prooflike dollars at the INS Authentication Bureau Lab around 1985. Readers of Insight will recall that these alterations were slick enough to go undetected for years by major U.S. coin dealers and every major grading service EXCEPT the International Numismatic Society's. That's right folks, the third-party grading services (PCI had not been established at the time) slabbed hundreds of the altered coins as original until Dr. Rynearson wrote about these epoxy coins in The Celator and the story was reported in a July, 1990 issue of Numismatic News.

The following story, which traces the events leading to my detection of this new "Super Alteration" found on the DMPL 1881 Morgan silver dollar, will instruct readers how to detect these fakes and give some insight into the mental process of coin authentication.

The discovery coin looks perfectly genuine. It has already fooled the professional dealers and graders who have bought, sold, and otherwise examined it. [In their defense, I was probably the ONLY person to examine this new fake using FLUORESCENT LIGHT in addition to a stereo microscope.] Even the Cameo contrast looked normal as I first inspected the coin after it was graded. Each time I see a DMPL or Prooflike coin with a "Cameo" contrast between the field and relief, I automatically look for signs of surface alterations - especially on Liberty's cheek. The surface on this coin's relief looked original but there was a tiny patch of silver color in front of Liberty's eyeball (Fig.1). I could see that the patch was very slightly raised above the coin's surface. It appeared as if someone had dropped a speck of silver solder on the

coin. Since I had never seen anything like this on a coin before, I had a gut feeling that something was not quite right about this coin even though the frosty "cameo" surfaces looked natural.



Figure 1



Figure 2

Authenticators cannot condemn a coin based on a single microscopic characteristic. A case must be made based on thousands of bits of information our senses of smell, touch, and especially sight (with the aid of a stereo microscope) assemble together as we examine a coin. The tiny patch of silver coating on an otherwise frosty surface was interesting enough to cause me to "red flag" the coin for further study at another time.

The next day, I began to examine the DMPL dollar again using higher magnification. Almost immediately, I noticed more of the tiny bright silver spots on the frosty relief areas. I concluded that these were definitely foreign to the coin and not some relic of the minting process or planchet defect. The tiny shiny patches actually resembled the mirror fields on the coin! I ruled out die polish to the coin's relief immediately because the patches were microscopically raised above the coin's surface. Was it possible that the beautiful mirror-like fields of the coin were false? Both sides of the coin were the color of bright mercury and matched the color of the patch in the eye.

As I began further microscopic examination of the field, I noticed there was a hint of "silver flow" running up into the narrow recesses where the relief design met the field yet I was extremely skeptical to believe what my gut reaction and eyes were telling me. How could any coin doctor do this? It would be too embarrassing for me to condemn a genuine DMPL Cameo dollar as an alteration. Who would believe what I thought I was seeing while examining this coin at forty power!

I put the coin aside again with the notion that it was altered. I studied it again a few hours later to prove my belief one way or the other. For professional authenticators, a very receptive fake will suddenly become no challenge at all when its

flaws begin to appear. Such was the case that night. The final proof I needed to condemn the coin came as I noticed several tiny patches in the field under the date where the plating had not stuck (Fig.2). This left tiny depressions in the mirror layer which revealed the actual field of the coin. Additional confirmation came as I looked at the edge reeding of the coin (Fig. 3) which was filled with more of the raised silver patches of metal.



Figure 3



Figure 4

Now let's review the diagnostics I used to detect this new type of Prooflike alteration:

- * Random plating occurs as shiny, raised patches on the relief and between the edge reeding.
- * The entire field is plated with a distinctive colored coating. A few tiny, dull areas of original surface appear in the field where the plating skipped. Much of this occurred near the denticals where the plating stops abruptly (Fig.4).

The surface on the letters of the legend and the relief design looks natural. My feeling is that these surfaces have also been altered slightly by cleaning or some other process. This will be apparent when I discover how this fake was made.

Until now, fake cameo coins were made using Prooflike coins which had their relief dulled down by a chemical or mechanical process. For this new fake, I believe that a resist (mask) was applied to the coin's relief to temporarily protect it while the field was plated. Removing the resist would account for the slight cleaning effect I saw on the relief. Tiny areas of the relief where the mask did not adhere became plated with the shiny coating.

These coins are very deceptive. I'm willing to bet that many of them have already been graded and slabbed as genuine by other grading services.

BETWEEN THE LINES

I have a great deal of respect for my fellow columnist Randy Campbell, especially when he writes about silver dollars, his main area of expertise. After a self-imposed cooling off period, I would like to add some of my insight to his column Grading Insights which appeared in the 11/14/94 Coin World:

** Randy writes, "In my experience, cleaning is the most common reason for excluding a coin from a graded holder." Absolutely true. It goes without saying that Randy means IMPROPER cleaning. Yet, in actual fact, ALL third party grading services slab cleaned coins. On occasion, even improperly cleaned coins, with enough microscopic hairlines to be modestly described as BUFFED are slabbed. One other point comes to mind. I thought NGC and PGCS dealers are supposed to screen coins for defects such as cleaning before they're submitted. So why all the rejects? \$\$\$.

** To the question of detecting an overdipped Peace dollar, Randy suggests that a collector purchase two inexpensive Uncirculated coins. Next he says, "Take one of the coins and submerge it in a commercial dip for three days." Whoa! This falls under the sage advise given military Officers and NCO's - Keep it simple, stupid (K.I.S.S.). I guess after three days in a coin dip, even a blind collector could tell the difference between the original "control" coin and the dipped tested example. I suggest you try the same experiment on a more subtle level as reported by one of my students in issue #24 of Insight. You may wish to try 15 min. submersions so you can see how long the gradual change to dull gray-silver takes place. This knowledge will serve you much better.

** MG of Ohio asked: "I saw a 1924 Peace dollar certified by Photo-Certified Coin Institute. They graded it MS-66 Buffed [Red Label, Problem Coin - Ed]. Can a coin grade MS-66 if it is buffed? Is it worth MS-66 money?"

Randy's answer to this "loaded" question opens a subject which will continue to be debated for years. Since Randy works at ANACS and I work at PCI, in the spirit of friendly rivalry which exists among the grading services, I am tempted to identify MG of Ohio as 'My Grandmother' (Randy's that is)! Seriously, I could devote this entire issue of Insight on the two questions raised by MG. I feel that a complete reply, longer than 6 column inches, would have provided better insight into the question MG asked. Let's take the easy question first.

** "Is it worth MS-66 money?" Of course not! K.I.S.S. That's why the coin is in a red (ATTENTION/STOP/DANGER) label holder. All coins have a grade; however, many coins with significant problems have very little value. Randy replies, "Most dealers and knowledgeable collectors wouldn't pay more than \$10 to \$15 for a buffed or cleaned 1924 Peace dollar. Probably true, but a coin's value is in the eye of the buyer. I'm the person who detected the light buffing on this coin while using FLUORESCENT LIGHT and a 10X

STEREO MICROSCOPE. I then modified the original Mint State grade assigned to this coin by the PCI graders. I further believe that this coin would have been slabbed and graded high Mint State by each of the other services! I say this with 100% conviction because the light amount of buffing on this coin is EXACTLY IDENTICAL to the buffing I've seen on countless coins certified as MS-66 and MS-67 by the other services.

As I recall, the buffing did not destroy the mint luster, was mainly on one side, and could only be seen when the coin was held in a particular orientation to the light. What's a coin like this worth? Who can say, but I would be glad to "steal" it for \$10 to \$15 dollars. One day, the proud owners of similarly certified coins, such as High Relief \$20 or the eye-popping (the highest certified for the date) Liberty Eagle and Half Eagle I examined several years ago in a dealer's case, are going to be asking the same question as MG since they were not advised that their "Certified Gems" were actually buffed. Now let's get back to the broader question.

Can a coin grade MS-66 if it is buffed? Randy agrees that this particular coin was buffed. Then he states, "The fact that this firm [PCI] graded the coin MS-66 Buffed illustrates why ... [the other services] ... do NOT assign grades to coins with significant problems." Right. They would rather cop-out and keep your grading fee. \$\$\$\$

How can a buffed coin grade MS-66? In a perfect world, it wouldn't. Original Mint State coins (no trace of wear or RUB) and Buffing (burnishing to smooth a surface) are incompatible. But unfortunately, neither the world nor numismatics is perfect. Some time ago, commercial grading interests (dealers) decided that the eye-appeal of a coin was more important than its condition of preservation (Technical grade). Much of the time, high grade coins have high eye appeal; but even AU coins with few marks have much higher eye appeal than practically every lower range Uncirculated coin (MS-60 to MS-63).

INS, the first professional grading service, as well as the ANA's service originally did not grade using eye-appeal as a prime consideration. Because of this, a battle between commercial and technical grading began as several "new" grading services were established which used "Ex-pert" coin dealers as graders. Unfortunately, many of these graders were the same dealers who could not detect coins with significant surface alterations such as REPAIRS and FRAUDULENT METHODS USED TO HIDE CIRCULATION WEAR AND SURFACE DAMAGE! Remember the "bondo-jobs" which were discovered almost a dozen years ago in the slabs of the "major" grading services? In addition, the amount of wear allowed on some coins before these "major" grading services graded them AU was at times at least 1/2 grade point different than that used by "technical" graders. As a result, attractively toned AU coins became slabbed as Mint State. They had the "look". A Bagmarked coin which was changed by chemical treatment or mechanical cleaning to make it look nicer became slabbed at a higher Mint State. It had the

"look". Even with their buy-back policies, thousands of these "spook" coins and other alterations are still in slabs waiting to haunt the grading services.

One type of coin alteration which still causes grading disagreements is improper cleaning. Each of the grading services has slabbed improperly cleaned and buffed coins in the past and the practice continues to a lesser degree today. This is because the "look" method of commercial grading prevails. About Unc coins and polished or buffed coins are being graded and slabbed as Mint State right now! Original Uncirculated coins are actually rare in some coin series in spite of population reports to the contrary.

Which of the following coins would you rather own:

- 1.) A 1924 Peace dollar "wonder coin" slabbed as MS-63 - downgraded because of virtually invisible light buffing.
- 2.) An identical "wonder coin" slabbed MS-66 - because the graders missed the light buffing and the coin has the "look".
- 3.) The same 1924 dollar coin slabbed as MS-66 Buffed.

The answer is easy for commercially minded collectors and dealers who would take COIN #2 the misgraded MS-66! Their second choice would be COIN #1 where the grade of the coin was dropped in order to indicate what the coin is worth. It's easy to sell both of these coins, especially the MS-63 which most buyers will think is undergraded and worth big money because of its "look". The MS-66 Buffed coin would be the hardest to sell so crack it out. As a "raw" coin, 80% of the dealers and collectors will miss the light buffing while another 15% would see it but not care because the coin has the "look". Only 5% of the numismatists who examined the coin would not want it at any price because of its altered condition. Yes MG, it is possible to grade a coin MS-66 Buffed. There are also many similar MS-66 and higher buffed coins in slabs. The commercial interests of our hobby currently dictate the rules.

COMING

As you read this, the next issue of Insight on Coinage is already going into the computer. I'll have an expose on toning, some tips to detect a common form of coin repair and a continuation of the Buffalo nickel article.

HAPPY NEW YEAR !

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